

SELECT COMMITTEE ON DEFERRED COMPENSATION

Monday, March 9, 2015 - 1:00 p.m.
Milwaukee County Courthouse - Room 203-P

M I N U T E S

PRESENT: Jennifer Folliard, Mark Grady, Kerry Mitchell, Ayce Chiapetta, and Steve Cady
(Chair) **5**

EXCUSED: 0

SCHEDULED ITEMS:

CLOSED SESSION: Item 1

The Committee may adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(f), for the purpose of the Committee considering financial, medical, social, or personal histories or disciplinary data of specific persons, preliminary consideration of specific personnel problems, or the investigation of charges against specific persons except where par. (b) applies which, if discussed in public, would be likely to have a substantial adverse effect upon the reputation of any person referred to in such histories or data, or involved in such problems or investigations in regards to the following matter(s). At the conclusion of the closed session, the Committee may reconvene in open session to take whatever action(s) it may deem necessary.

The Committee did not adjourn into Closed Session.

1. 15-DC1 Appeal(s) from deferred compensation participant(s) of decisions regarding request(s) for hardship withdrawal(s) of funds from Milwaukee County's Deferred Compensation Plan.

There were no requests for hardship withdrawals.

-
2. 15-DC3 Financial Update on Administration of Milwaukee County's Deferred Compensation Plan. **(INFORMATIONAL ONLY UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

Chairman Cady provided an update.

ACTION BY: (Grady) A motion was made by Mr. Grady to extend the Administrative Fee Holiday through the 4th Quarter of 2015. 5-0

SCHEDULED ITEMS (CONTINUED):

AYES: Folliard, Grady, Mitchell, Chiapetta, and Cady (Chair) - 5
NOES: 0

3. 15-DC4 From Empower Retirement, providing the Fourth Quarter Report.
(INFORMATIONAL ONLY UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

The following people appeared and spoke regarding this item:

Sue Oelke, Client Relationship Director, Empower Retirement
Glenn R. Sapa, Associate Partner, Aon Hewitt
Nick Rutzinski, Retirement Plan Coordinator, Empower Retirement

Ms. Oelke will provide the Committee with the mean, rather than the average, of participant deferral amounts by age. The average may be skewed since some employees defer much of their compensation into the Plan based on their pay and individual contribution limit.

The Committee took no action on this informational report.

4. 15-DC5 From Empower Retirement, providing the 2015 Strategic Partnership Plan.

Sue Oelke, Client Relationship Director, Empower Retirement, appeared and spoke regarding this item.

The Participation metric is amended to read "Roll in \$5 million."

The Asset Allocation 2015 goal is amended to read "Reduce the number of participants who have 70% or more of their assets in a fixed investment, target date, or other investment."

The Education and Learning 2015 goal is amended to include "National Save for Retirement Week outreach."

The amended Strategic Partnership Plan will be provided to Committee members.

ACTION BY: (Folliard) A motion was made by Ms. Folliard to approve the 2015 Strategic Partnership Plan as Amended. 5-0

AYES: Folliard, Grady, Mitchell, Chiapetta, and Cady (Chair) - 5
NOES: 0

SCHEDULED ITEMS (CONTINUED):

5. 15-DC6 Discussion and development of a new Plan Administrative Fee Structure and Revenue Sharing Policies.

The following people appeared and spoke regarding this item:

Sue Oelke, Client Relationship Director, Empower Retirement

Glenn R. Sapa, Associate Partner, Aon Hewitt

The Committee has previously discussed the need to reinstate the administrative fee for the Plan as the fee holiday has been in place since the second quarter of 2007. Specifically, the Committee is seeking to: 1) ensure that each investment offering is the lowest cost shareholder class that Milwaukee County is eligible for based on total deposits, 2) return any mutual fund revenue sharing directly back to the participants that invested in that offering, and 3) implement an administrative fee that covers the annual expenses to operate the 457 Plan in a prudent manner.

The Committee reviewed options that were developed by Aon Hewitt and Empower Retirement. The Committee discussed the merits and drawbacks of implementing a flat dollar participant fee, a fee based on the account balance, or a combination of the two (a hybrid fee). The previous administrative fee was a hybrid fee at \$20 per year (\$5/quarter) and 24 basis points (six basis points per quarter) on the entire participant balance. It is expected that the new administrative fee will be significantly lower since the Select Committee has been able to reduce the cost of operating the Plan, primarily due to recordkeeping cost savings.

The Committee requested additional information related to a new hybrid fee and the impacts on Plan participants at various account balances. The Committee agreed in concept to not assess Plan participants with a balance of less than \$1,000. Similarly, the Committee felt that the fees should be capped (or stepped down) at a reasonable amount for participants with larger account balances.

Chairman Cady stated that he would send Mr. Sapa the same data set that Mr. Collier (Empower Retirement) used. It is the goal of the Committee to review and approve a new administrative fee structure at an upcoming meeting for potential implementation January 1, 2016. This would provide time to communicate the fee changes to Plan participants, including the rebate of all mutual fund reallowances directly to investors. The Committee discussed the merits of implementing the new administrative fee and the mutual fund reallowances "rebate" to investors at the same time.

The Committee took no action.

SCHEDULED ITEMS (CONTINUED):

6. 15-DC7 From Advised Assets Group, providing the Fourth Quarter Stable Value Fund Report. **(INFORMATIONAL ONLY UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

Glenn R. Sapa, Associate Partner, Aon Hewitt, appeared and spoke regarding this item.

Sue Oelke, Client Relationship Director, Empower Retirement, appeared but did not speak regarding this item.

Chairman Cady provided an overview.

The Committee took no action on this informational report.

7. 15-DC8 From Aon Hewitt, providing the Fourth Quarter Performance Report. **(INFORMATIONAL ONLY UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

Glenn R. Sapa, Associate Partner, Aon Hewitt, appeared and spoke regarding this item.

Sue Oelke, Client Relationship Director, Empower Retirement, appeared but did not speak regarding this item.

Mr. Sapa provided an overview.

Mr. Sapa offered to officially evaluate the William Blair Mid Cap Growth Fund which has underperformed in both benchmark and peer group in three of four trailing quarters and the trailing five-year period.

Mr. Grady requested to wait until August to allow an additional two quarters of information to accumulate.

The Committee took no action on this informational report.

8. 15-DC9 From Aon Hewitt, providing a Flash Report on Vanguard Target Date Funds. **(INFORMATIONAL ONLY UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

Glenn R. Sapa, Associate Partner, Aon Hewitt, appeared and spoke regarding this item.

Sue Oelke, Client Relationship Director, Empower Retirement, appeared but did not speak regarding this item.

SCHEDULED ITEMS (CONTINUED):

Mr. Sapa provided an overview.

The Committee took no action on this informational report.

9. 15-DC10 From Aon Hewett, providing the Target Date Fund Competitive Review.
(INFORMATIONAL ONLY UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

Glenn R. Sapa, Associate Partner, Aon Hewitt, appeared and spoke regarding this item.

Sue Oelke, Client Relationship Director, Empower Retirement, appeared but did not speak regarding this item.

Mr. Sapa provided an overview.

Mr. Sapa stated that the Department of Labor has suggested that each Section 457 plan committee annually review its Target Date Fund (TDF) as to whether the TDF continues to be an appropriate TDF option for plan participants. The information provided by Aon Hewitt demonstrated to the Select Committee that the selection of the Vanguard Target Date Funds continues to be a prudent offering for Milwaukee County Plan participants.

ACTION BY: (Grady) A motion was made by Mr. Grady to reaffirm that the Vanguard Target Date Funds are appropriate for Milwaukee County's Deferred Compensation Plan participants. 5-0

AYES: Folliard, Grady, Mitchell, Chiapetta, and Cady (Chair) - 5
NOES: 0

-
10. 15-DC2 Upcoming Regular Meeting Dates of the Select Committee on Deferred Compensation. **(INFORMATIONAL ONLY UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

- Monday, May 4, 2015
- Monday, August 3, 2015
- Monday, November 16, 2015

The Committee took no action on this informational report.

The foregoing items were not necessarily considered in agenda order.

This meeting was recorded. Committee files contain copies of any subject reports and communications, which may be reviewed upon request to the Committee Coordinator. The

SCHEDULED ITEMS (CONTINUED):

official copy of these minutes, and the audio recording of this meeting are available in the Office of the Milwaukee County Clerk.

Length of meeting: 1:03 p.m. to 4:01 p.m.

Adjourned,

Janelle M. Jensen

Senior Committee Coordinator

Select Committee on Deferred Compensation

ADA accommodation requests should be filed with the Milwaukee County Office for Persons with Disabilities, 278-3932 (voice) or 711 (TRS), upon receipt of this notice.